

## **NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE CLAIMS AND RIGHT TO OBJECT**

**TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF COMMON STOCK OF PRODUCTIVITY TECHNOLOGIES CORPORATION (“PTC” OR THE “COMPANY”) AS OF THE CLOSE OF BUSINESS ON JULY 1, 2018 (THE “RECORD DATE”).**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF DERIVATIVE CLAIMS AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT. IF THE COURT GRANTS FINAL APPROVAL OF THE SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING CLAIMS RELEASED BY THE SETTLEMENT.**

Notice is hereby provided to you of the proposed settlement (the “Settlement”) of derivative claims filed in the United States District Court for the Eastern District of Michigan (the “Court”) in the action *Productivity Technologies Corporation v. Jesse Levine, Julius Levine, and Julius S. Levine Revocable Trust FBO Julius S. Levine*, Case No. 16-cv-13088 (the “PTC Action”). This Notice is not an expression of any opinion by the Court with respect to the truth of the allegations in the litigation or merits of the claims or defenses asserted by or against any party. It is solely to notify you of the proposed Settlement, and your rights related thereto. Capitalized terms not otherwise defined in this Notice have the definitions set forth in the written Settlement Agreement and Release and attached exhibits, executed by the Settling Parties on or about June 6, 2018 (the “Settlement Agreement”). **A complete copy of the Settlement Agreement, and all exhibits, is available at: <https://optimizeptc.com/>.**

### **I. WHAT IS THE PURPOSE OF THIS NOTICE?**

1. Jesse Levine (on behalf of himself and derivatively on behalf of PTC), Julius Levine (on behalf of himself and derivatively on behalf of PTC), Samuel Seidman, Arthur Stupay, and PTC (the “Settling Parties”) have agreed upon terms to settle the PTC Action and related actions, and have signed the Settlement Agreement setting forth those settlement terms. The Settling Parties and their counsel have determined that the Settlement is fair, reasonable, adequate, and in the best interests of the Company and its shareholders. After the execution of the Settlement Agreement, a committee of non-party PTC directors approved the Settlement Agreement and its terms as being fair and in the best interests of PTC.

2. A Joint Motion for Approval of Settlement of Derivative Claims (“Motion to Approve”) has been filed by the Settling Parties to: (i) grant preliminary and final approval of the Settlement Agreement as fair, reasonable, and adequate; (ii) dismiss the PTC Action with prejudice; and (iii) order other relief as may be necessary or proper under the circumstances. On August 7, 2018, the Court granted preliminary approval of the Settlement, finding that the Settlement was fair, reasonable, and adequate with respect to the derivative claims to be dismissed

under the terms of the Settlement. The Court has expressed no view on the other terms of the Settlement. **A complete copy of the Motion to Approve, and all exhibits, is available at: <https://optimizeptc.com/>.**

## **II. WHAT WILL HAPPEN TO MY RIGHTS IF THE COURT GRANTS FINAL APPROVAL OF THE SETTLEMENT?**

3. If the Court grants final approval of the Settlement, the Court will enter a final order (the “Final Order”). Pursuant to the Final Order, the PTC Action, including derivative claims bought on behalf of PTC, will be dismissed with prejudice in its entirety and you will be bound by the releases in the Settlement Agreement.

## **III. DO I HAVE THE RIGHT TO OBJECT TO THE DISMISSAL OF DERIVATIVE CLAIMS?**

4. Any person who was a shareholder of the Company as of the Record Date and continues to be a shareholder through the date of the receipt of this Notice may show cause if the shareholder has any reason why the derivative claims should not be dismissed under the Settlement. **If you choose to object, then your objections must be filed with the Court and delivered to counsel of record in the PTC Action by no later than 11:59 p.m. Eastern Daylight Time on August 28, 2018.** If you do not provide a copy of your objection to counsel through the Court’s ECF System, you must send a copy of your objection by certified mail and email to Richard J. Landau, RJ Landau Partners PLLC at 5340 Plymouth Road, Suite 200, Ann Arbor, Michigan 48105 and [rjlandau@rjlps.com](mailto:rjlandau@rjlps.com). Any objection must contain the following information:

- a. Your name, legal address, telephone number, and email address;
- b. Proof of being a PTC shareholder as of the Record Date and the date of your objection; and
- c. A detailed statement of your objections, and the specific grounds for those objections, including any legal support, as well as all testimony or documents that you want the Court to consider. **You may only object to the dismissal of the derivative claims. You may not object to the other terms of the Settlement.**

**Unless the Court orders otherwise, if you do not make your objections in the manner described above, you will be deemed to have waived your right to object to any aspect of the Settlement and you will be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, or from otherwise being heard concerning the Settlement in any proceeding.**

If you have questions regarding the Settlement or this Notice, you may write or call Richard J. Landau at [rjlandau@rjlps.com](mailto:rjlandau@rjlps.com) or 734-865-1585.

**DO NOT CALL OR WRITE THE COURT REGARDING THIS NOTICE.**

**NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE CLAIMS AND RIGHT TO OBJECT (Case No. 16-cv-13088)**